## Message Text

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PAGE 01 REYKJA 00243 201405Z

43

**ACTION SS-25** 

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE 6056

INFO USNATO IMMEDIATE 1351

AMEMBASSY BONN IMMEDIATE

AMEMBASY LONDON IMMEDIATE

AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

AMEMBASSY PARIS

AMEMBASS COPENHAGEN

USUN NEW YORK 0473

CONFIDENTIAL REYKJAVIK 0243

**EXDIS** 

DEPT PLEASE PASS TO SECDEF; CINCLANT AND COMICEDEFOR

E.O. 11652: XGDS-1

TAGS: EFIS, PFOR, IC, UK

SUBJECT: ICELAND-UK FISHERIES DISPUTE

1. A CALM IN ICELANDIC EMOTIONS HAS SET IN A DAY
AFTER THE DIPLOMATIC BREAK WITH UK, BUT IT IS STILL
TOO SOON TO ASSESS HOW LONG THIS WILL LAST. IT MAY
MERELY BE A PAUSE BEFORE THE NATO OPPONENTS REGROUP
TO PURSUE THEIR NEXT STEP NOW THAT THE FIRST IN THEIR
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PAGE 02 REYKJA 00243 201405Z

DRIVE TOWARD SELF-DESTRUCTION HAS BEEN ACCOMPLISHED.

- 2. I SPOKE TO FONMIN AGUSTSSON THIS MORNING TO AGAIN EXPRESS OUR REGRET OVER YESTERDAY'S GOI ACTION AND USED VERY STRONG LANGUAGE IN TRYING TO IMPRESS UPON HIM THAT ICELAND MUST RESPOND TO LUNS' INITIATIVE WITH SOMETHING THAT WILL EVENTUALLY LEAD TO A SOLUTION OR AT LEAST A TRUCE IN THE FISHERIES CONFLICT. I ALSO CAUTIONED HIM NOT TO BE PRESSURED INTO KILLING THEIR SECOND SO-CALLED "HOSTAGE" (IE WITHDRAWAL OF NATO DELEGATION). HE REPLIED THAT HE WILL STILL PERSONALLY OPPOSED TO LETTING THE SITUTION REACH THE NEXT STAGE AND WAS PREPARED TO GO ALONG WITH A SECRET MEETING TO REACH A COMPROMISE WITH THE BRITISH IN ABOUT TWO WEEKS, PROVIDED CALMNESS CAN PREVAIL ON THE SEAS. HE FAILS TO RECOGNIZE THAT ICELAND MUST CONTRIBUTE TO THIS STATE OF CALMNESS. WHEN PRESSED WHY THE SECRET MEETINGS COULD NOT COMMENCE IMMEDIATELY, INSTEAD OF A COUPLE OF WEEKS FROM NOW, HE REFUSED TO DISCUSS THE MATTER FURTHER, OTHER THAN TO REPEAT "NOW IS NOT THE TIME."
- 2. I SPOKE ALSO THIS MORNING TO AN INDEPENDENCE PARTY POLITICAL LEADER WHO TOLD ME THAT STRONG FORCES IN THE IP HAVE GIVEN AN ULTIMATUM TO PRIMEMIN HALLGRIMSSON THAT IF HE LETS HIMSELF BE PUSHED ONE STEP FURTHER BY OLAFUR JOHANNESSON IT WILL CAUSE A DEEP SPLIT WITHIN THE IP AND THEY WILL DEPOSE HIM AS PRIMEMIN. THEY EXACTED A PROMISE THAT HE WILL RESIST ANY FURTHER EFFORTS TO DAMAGE NATO, AND THAT HE WILL NOT ONLY RESIST WITHDRAWING THE NATO DELEGATIN BUT ALSO ANY ATTEMPTS TO WITHDRAW ONLY THEIR PERMREP. THEY HAVE DEMANDED THAT FULL REPRESENTATION REMAIN AT NATO AND THAT STEPS BE TAKEN TO DEMONSTRATE FULL SUPPORT FOR NATO AND THE PURPOSES FOR WHICH NATO WAS ESTABLISHED. THE IP DAILY "MORGUNBLADID" HAS ALSO EXPRESSED THESE VIEWS TOT HE PRIMEMIN IN PROVATE AND THREATENED TO WITHDRAW THEIR SUPPORT OF HIM IF HE DOES NOT HEED THE PRO-NATO VOICES IN HIS PARTY.
- 3. COMMENT: I BELIEVE THESE THREATS AGAINST HALLGRIMSSON WILL WORK. THE FEAR OF OLAFUR JOHANNESSON PULLING OUT OF CONFIDENTIAL CONFIDENTIAL

PAGE 03 REYKJA 00243 201405Z

THE COALITION IS DIMINISHING AS THE ALLEGATIONS OF IMPROPER ACTIVITY ON JOHANNESSON'S PART IN A LOCAL CRIMINAL CASE INCREASE. WE HAVE AN INDICATION THAT THERE ARE SECOND THOUGHTS WITHIN THE PROGRESSIVE PARTY AS TO THE WISDOM OF PULLING OUT WHILE THEIR PARTY LEADER IS UNDER SUSPICION. WE HAVE HEARD, TOO, THAT THE COMMUNISTS ARE SLOWING DOWN THEIR ENCOURAGEMENT TO JOHANNESSON TO BRING DOWN THE GOVERNMENT AND FORM A NEW LEFT GOVERNMENT UNDER HIS LEADERSHIP UNTIL THEY ASSESS THE POSSIBLE SPILLOVER DAMAGE THE CRIMINAL CASE INVESTIGATION MIGHT

CAUSE TO THEM IF THEY WERE TO ASSOCIATE WITH THE PROGRESSIVES. WE THUS SEE THE USUAL COMBINATION OF FACTORS AT WORK, OFTEN VERY LITTLE TO DO WITH THE IMMEDIATE ISSUE, WHICH MIGHT PROVIDE THE BREATHING SPELL WE ALL NEED TO GET THE TWO ADVERSARIES IN THE COD WAR TOGETHER. IRVING

NOTE BY OC/T: NOT PASSED SECDEF, CINCLANT AND COMICEDEFOR.

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TAGS: EFIS, PFOR, IC, UK, NATO To: STATE

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